Addressing Social Determinants of Health via Medicaid Managed Care Contracts and Section 1115 Demonstrations

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EXECUTIVE SUMMARY

The conditions in which we are born, live, learn, work, and play affect health in myriad ways—in some cases more than the medical care we receive. State Medicaid agencies have increasingly looked at ways to address these social determinants of health (SDOH) in an effort to provide more efficient care and improve health outcomes. They have begun to use a variety of approaches to support such work, thinking strategically about how best to align SDOH-related activities with other reforms, such as value-based purchasing, care transformation, and the development of larger partnerships focused on population health.

In this report, supported by the Association for Community Affiliated Plans (ACAP), the Center for Health Care Strategies (CHCS) examines Medicaid managed care contracts or requests for proposals (RFPs) in 40 states, in addition to 25 approved § 1115 demonstrations. CHCS compiled incentives and requirements relating to SDOH, identified common themes in the states' approaches, and developed recommendations for federal policymakers, including the Centers for Medicare & Medicaid Services (CMS).

CHCS reviewed SDOH requirements and incentives through the following lenses:

- ***Systems and Partnerships.*** How is the state building the infrastructure and processes needed to address the interrelated health and social needs of low-income Americans? What types of SDOH-related activities are states requiring or incentivizing?
- ***Authority and Funding.*** Is the state using an existing flexibility in federal law, or requesting new, specific authority to provide traditionally non-covered services that address SDOH? How does the state finance SDOH-related work? How has the state ensured sustainability of this work beyond time-limited investments in delivery system reform?

Review of Managed Care Contracts

In their contracts, states often require managed care organizations (MCOs) to screen for social needs and link members to needed community resources, but do not often establish specific expectations around the direct provision of services that address those needs. Nonetheless, states do have some flexibility under existing law, and CHCS' review of managed care contracts suggests that states have, for the most part, not taken full advantage of this flexibility. CHCS found the following themes:

- ***There is a growing focus on SDOH in state managed care contracts.*** States most often encourage SDOH-related activities in care coordination and care management requirements, with some states beginning to integrate SDOH elements into quality assurance and performance improvement requirements.
- ***Most states do not provide detail on how MCOs can use flexibilities under federal law to provide services that address SDOH***. Many state contracts restated federal authority allowing managed care plans to provide additional services, but did not provide additional clarification or detail on how this authority can be used for SDOH interventions.
- ***Payment incentives linked to SDOH are not yet commonplace***. Some states have created specific financial incentives to address beneficiaries' SDOH, but these activities are not common.

Review of § 1115 Demonstrations

CHCS reviewed key aspects of select § 1115 demonstrations relating to delivery system reform; healthy behavior incentives; and work or community engagement requirements. In reviewing these § 1115 demonstrations, CHCS identified a number of common themes:

- ***There is a focus on enhancing care coordination and community partnerships to address SDOH.*** Delivery system reform demonstrations often advance projects or programs that encourage screening for social needs, linkages to community resources that address SDOH, and partnerships with social service agencies and community-based organizations.
- ***Payment incentives are increasingly deployed to address SDOH.*** Some delivery system demonstrations discussed SDOH in the context of new or developing value-based payment (VBP) initiatives.
- ***Healthy behavior incentives are not typically linked to SDOH.*** Demonstrations that refer to healthy behavior incentives largely do not discuss the ways in which MCOs or the state can address the SDOH that influence health behaviors.
- ***Two states allow health plans to help members meet eligibility requirements related to work and community engagement.*** Demonstrations with work and community engagement requirements included standard requirements on connecting beneficiaries to community resources, but only two demonstrations allowed members to satisfy community engagement requirements through participation in an activity likely to be sponsored by a health plan.

Policy Recommendations

States have begun working on ways to address SDOH. However, additional guidance from CMS would support creativity and innovation at the state level and advance this work even further. Building on findings in its scan, CHCS developed several recommendations for federal policymakers to support continued development of SDOH-focused interventions:

1. ***Make it easier for vulnerable populations to access needed health services and care coordination.*** Effective SDOH strategies require health care organizations to engage beneficiaries over a sustained period of time. During its review and approval processes, CMS can suggest modifications to § 1115 demonstrations to help reduce eligibility churn and improve member engagement.
2. ***Enhance agency collaboration at the federal level.*** Targeted federal partnerships and cross-agency councils, such as the United States Interagency Council on Homelessness, can make collaboration on SDOH more commonplace.
3. ***Provide additional guidance on addressing SDOH.*** When CMS issues guidance to Medicaid agencies, states listen. States would benefit from guidance on ways to use *in lieu of* services and value-added services to provide upstream SDOH interventions; how to develop rates to address premium slide concerns; and how states can direct plans to use the quality assurance and performance improvement processes to test effective SDOH strategies.
4. ***Approve § 1115 demonstrations that test strategies to address SDOH.*** CMS can approve state § 1115 demonstrations that test the impact of targeted SDOH interventions in managed care.
5. ***Support outcomes-based payment for SDOH interventions.*** Pay-for-success models allow states and MCOs to pay only for "what works." Building on precedent established by the Social Impact Partnerships to Pay for Results Act (SIPPRA), CMS can identify ways in which the pay for success model can be adapted to Medicaid managed care and enable investments in SDOH.

ACAP Association for Community Affiliated Plans

CHCS Center for Health Care Strategies, Inc.

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